



Fremont City Council

3300 Capitol Avenue
Fremont, CA 94538

REVIEWED

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Div/Dept: Engineering

Category: Property Acquisitions & Dispositions

STAFF REPORT (ID # 1824)

Sponsors:

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SURPLUS CITY PROPERTY DISPOSITION PLAN - Consideration of Next Steps for the Sale and Disposition of City-Owned Surplus Properties located at 37350 Sequoia Road, 3723 Darwin Drive, 3393 Washington Boulevard, 37645 Second Street, 43227 Mission Boulevard, Stevenson Boulevard and Stevenson Place, Pickering Avenue and Canyon Heights, Palm Avenue near I-680, Decoto Road and Fremont Boulevard and Isherwood Way and Paseo Padre Parkway and Adoption of a Resolution Initiating General Plan Amendments and/or Rezoning Actions for Certain Properties. The Sale of Surplus Government Properties is Categorically Exempt Under California Environmental Quality Act (CEQA) Guidelines - Section 15312

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Executive Summary: The City's General Plan contains policies to address future population growth. The General Plan policies call for a transition from Fremont's auto oriented suburban community to a strategically urban environment. Two initiative project areas, the Downtown and Warm Springs districts, were identified by the Council as areas designated to accommodate this growth through higher densities, innovative infrastructure, cohesive and connected transportation systems, and vibrant urban centers.

Work has begun to attract private investment to these initiative areas, as well as, to identify strategic ways to leverage City resources to support and encourage development in line with General Plan policies. Unfortunately, in the summer of 2011, the State dissolved all Redevelopment agencies thus eliminating an economic tool communities traditionally have used to fund project areas such as these. Therefore, the City has had to be innovative and more resourceful in identifying and acquiring funds to further initiative area goals.

In 2011, the City engaged Keyser Marston Associates, Inc. to conduct a financial analysis of public projects that were identified in the proposed Downtown Community Plan. Keyser Marston identified several financial mechanisms the City could use to capture funds to implement these projects. One such mechanism was to identify unneeded City property and categorize it as surplus property eligible for disposition. As a result, ten properties were determined to be unneeded for future use by the City, or surplus, and are being recommended for sale and disposition. Potential funds gained through these efforts provide resources to further fund General Plan initiatives. This report discusses each of the ten parcels and presents a recommended action for the City Council to consider for each property.

BACKGROUND: In 2011, the City engaged Keyser Marston Associates, Inc. to conduct a financial analysis of public projects that were identified in the proposed Downtown

Community Plan. They identified several financial mechanisms the City could use to capture funds to implement these projects. One such mechanism was to identify unneeded City property and categorize it as surplus property eligible for disposition. Fortunately, the City has several properties that were acquired over the years that are no longer needed for their intended purpose.

In 2012, the City hired CB Richard Ellis (CBRE) to review City owned excess properties and make recommendations for their possible development and disposal. As a result of these efforts, ten properties have been identified as surplus properties eligible for disposition. Based upon current market conditions and depending upon zoning and some General Plan designations, some of these properties could be sold within the next 3-6 months while others could take up to 18 months. The following report discusses each of the ten parcels and presents a recommended action for the City Council to consider.

DISCUSSION/ANALYSIS:

City-Owned Properties Information:

- 1) 3723 Darwin Drive:** The City purchased this 6,534 square foot lot improved with a three bedroom and two bath residential building in 1971. It was used as Fire Station No. 8 until 2008 when new Fire Station 8 was constructed. The current General Plan land use designation of the site is low-density residential and it is zoned Planned District Residential (P-69-7). Since the site was a former fire station, the garage door height and size of the garage are unusually large, which is an attractive attribute, for owners of recreational vehicles and other oversized vehicles and equipment. The property is currently leased on a month to month basis at a rate of \$1,650 per month.

Staff Recommendation: This residential property was purchased for use as Fire Station No.8 in north Fremont. The property is no longer needed for this purpose since a new fire station site has been constructed nor is it required for any other public purpose.

The residential market for single family homes has improved significantly over the past year. Due to the fact that the site is not needed for city facilities, staff recommends that this property be sold. The first steps in the process are to comply with the State Surplus Land Act (Government Code Section 54222) notice requirements and obtain a Planning Commission finding that the proposed sale conforms to the General Plan as described in the next steps section of this report.

- 2) 3393 Washington Boulevard:** The City acquired this property in 2002 as part of the Washington Boulevard Grade Separation Project. It was needed for a detour to allow for bridge construction and the lot was raised in elevation to conform the new street elevation. The property was improved with a 1,523 square foot single family residence but as a result of the project, the occupants were relocated and the house was demolished leaving an 11,326 square foot lot. The current General Plan land use designation of the site is low-density residential and it is zoned P-79-7.

Staff recommendation: The property was purchased for the construction of the Washington Blvd. Grade Separation Project which has been completed. The property is vacant and is not required for any other public purpose.

The residential market for single family lots has improved significantly over the past year. Since this property is no longer needed, staff recommends that this property be sold. The first steps in the process are to comply with the State Surplus Land Act (Government Code Section 54222) and obtain a General Plan conformity finding as described in the next steps section of this report.

- 3) 37645 Second Street:** This property was conveyed to the City in 1956 and was used as Fire Station #2 until 2010 when the new Fire Station was constructed. The property is improved with a 5,000 square foot building on a 10,454 square foot lot. Since the site was a former fire station, the garage door height and size of the garage are unusually large which is an attractive attribute for owners of recreational vehicles and other oversized vehicles and equipment. The current General Plan land use designation is low-density residential and is zoned R-1-8. The general plan permits residential development ranging from 2.37 to 8.7 units per acre. Other compatible and permitted uses include private schools, childcare centers, and religious facilities.

Staff recommendation: This property was conveyed and used by the City as Fire Station No. 2 in Niles. The property is no longer needed for this purpose since a new fire station has been constructed. The property is also not needed for any other public purpose.

The residential market for property has improved significantly over the past year. As the site is not needed for city facilities, staff recommends that this property be sold. The first steps in the process are to comply with the State Surplus Land Act (Government Code Section 54222) and obtain a General Plan conformity finding as described in the next steps section of this report.

4) 43227 Mission Blvd.

This property was conveyed to the City by Olive Hyde in 1964 and was used by the City's Community Services Department as a child care center. This use was discontinued in 2002 as a result of issues related to the seismic retrofit of the building. The property is improved with a 2,447 square foot building that sits on an 11,326 square foot lot. The property has a current General Plan land use designation of Commercial Town Center and is zoned C-C-HOD (H-I) which is a commercial designation within both the historic overlay and hillside combining districts. The building was originally constructed in 1905 as a residence and livery stable and has been remodeled several times. The property was on the list of Primary Historic Resources adopted in 1982 and was carried over to the current Fremont Register.

Staff recommendation: The site is not being used and is not required for any public purpose. Given the demand for commercial property in the Mission San Jose district, staff recommends that it be sold. To note however, the building is currently on the City's register of historic buildings and the City (or a prospective future owner) is required, because of the historic listing, to keep the aging building in good repair at substantial costs, which would depress its resale value. The initial steps in the process are to comply with the State Surplus Land Act (Government Code Section 54222) and obtain a General Plan conformity finding as described in the next steps section of this report.

- 5) 37350 Sequoia Road** - The City purchased this property in 1974 and it was used as the City's corporation yard until the new Maintenance Center was built in 2005 on Osgood Road. All of the improvements on the property have been demolished and any hazardous materials have been removed or mitigated. The property consists of a 4.52 acre vacant site and has a General Plan designation of Medium-Density Residential (14.6 to 29.9 units per acre). On September 17, 2013, the council approved an ordinance rezoning the property from R-G-19, Garden Apartment Residence district to R-3-27, Multi-family Residence district which is compatible and consistent with adjacent land uses. The rezoning of the property will maximize the development potential of the property and will result in a higher value while maintaining the existing land use pattern in the area.

Staff recommendation: The improvements have been removed from the site and the property is not needed for any other public purpose. The current market indicates a consistent rise in residential rental rates resulting in a demand for higher density residential sites. Given these factors, staff recommends that this property be sold. The first steps are to comply with the Surplus Lands Act (Government Code Section 54222) and to obtain a General Plan conformity finding as further described in the next steps section of this report.

- 6) Palm Avenue** - In 1999, the City Council approved the purchase of 19.8 acres at Palm Avenue for park purposes. At the time of the purchase, the site was considered to be one of the City's last opportunities to accommodate a Citywide Community Park that supports athletic fields.

The site includes two single family residences which are currently being leased. In addition, approximately 15 acres of the site is leased to Four Winds Nursery as a wholesale citrus nursery.

On June 19, 2013, the City Council adopted a resolution to abandon 7 acres of the eastern portion of the Palm Avenue site as parkland. As part of the abandonment process, 14.6 acres at the Isherwood site (discussed in item 10 below) was designated as parkland. The 7 acres that were abandoned as parkland are located at the rear of the property. It was determined that this portion of the Palm Avenue site was not appropriate, convenient or necessary for park purposes. As a result of this action, approximately 7 acres of the Palm Avenue site is surplus and is available for residential development. The current General Plan land use designation is Low-Density Residential (2.3 to 8.7 units per acre) and the land is zoned R-1-10 which permits single family lots of 10,000 square feet. Rezoning this property to a density consistent with the surrounding 6,000 square foot minimum lots will result in a higher value for the property.

Staff recommendation: There are very few large vacant residential sites on the market and with the increase in demand for housing, staff recommends that this property be sold. A City-initiated rezoning of the property to Planned District is proposed in order to direct development of the parcel consistent with that found in the surrounding neighborhood. The Planned District zoning will also maximize resale value by creating a more predictable development review process for prospective buyers. The next steps would then be to comply with Government Code Section 54222 and to obtain a General Plan conformity finding as described in the next steps section of this report.

- 7) Stevenson Place** - The City purchased this vacant 2.32 acre property in 1974 for park purposes as part of a larger 51 acre site which was subsequently developed as the current golf course range. The property is irregularly shaped, adjacent to a railroad track and with limited frontage on Stevenson Place. The site's current General Plan designation is Open Space-City Park and it is zoned Open Space (OS). It has been determined that this property's location and configuration is not conducive for park development. There are other non-park designated City sites adjacent to Central Park that could better benefit from a park designation. Community Services Department is currently analyzing these opportunities and will move forward in Fall 2013 with a reallocation proposal thus enabling the Stevenson Place site to be rezoned for alternative uses.

Staff recommendation: Due to the location, size and shape of the property, it is not conducive for park purposes and can be replaced with other city land which is adjacent to Central Park. Therefore, it is staff's recommendation that this property no longer be designated as parkland and be rezoned to be sold. The first step in the process is to abandon the existing parkland similar to the process used for the Palm Avenue site. The land adjacent to Central Park would also be designated as parkland. The next step would be to amend the General Plan designation from Open Space – City Park to Medium Density Residential or Urban Residential designation. Following these steps, staff would follow the requirements of Government Code Section 54222 and obtain a General Plan conformity finding as described in the next steps section of this report.

- 8) Decoto and Fremont Boulevard** – The City purchased this 9.59 acre site in 1988 for the extension of State Highway 84. Currently, a portion of the site is leased to Regan's Nursery and the remainder is vacant land. The historic Highway 84 extension has been rescinded and has been replaced by the East-West Connector Project. This project is currently on hold pending the outcome of a future ballot measure to fund this project and others in the region. This property is not needed for the East- West Connector Project and is now surplus property.

The property is currently designated in the General Plan as Commercial Mixed Use and the zoning is C-T (Thoroughfare Commercial).

Staff Recommendation: This property is not required for any public project and therefore staff recommends that it be sold. Staff will draft development parameters to guide the market to include essential right-of-way components in any proposed projects while giving the market flexibility to build to meet demand. Once drafted, the parameters will be included in the sale documents and tied to the purchase agreement. After this is completed, staff will comply with the State Surplus Land Act (Government Code Section 54222) and obtain a General Plan conformity finding as described in the next steps section of this report.

- 9) Pickering and Canyon Heights** – The City was granted this 2.06 acre vacant property in 1976. The property is bordered on the east by open space owned by the East Bay Regional Park District (EBRPD) and is adjacent to and across the street from a residential neighborhood zoned residential (R-1-8). The property currently has a General Plan designation of Resource Conservation and Public Open Space and Hill Face Open Space. EBRPD has expressed an interest in acquiring this property and the City is

currently in conversations with them about their intended use. Currently, the City does not have a need for this site as it is limited in acreage that could be used for public facilities. The northern side of the site is located above the Toe of the Hill line and therefore any development would need to be clustered on the southern portion of the site below the Toe of the Hill. If the property is not acquired for a park or open space use, then the City could consider a General Plan Amendment and rezoning for the area below the Toe of the Hill in order to create a useful purpose for future sale. Staff would recommend a Residential Low Density designation for the area below the Toe of the Hill while retaining the Hill Face Open Space designation for the portion above the Toe of the Hill.

Staff Recommendation: Because of the limited developable area of this property it is determined to be of non-productive use to the City and therefore staff recommends that a General Plan amendment and rezoning be initiated for the area below the Toe of the Hill to allow residential development. It is also recommended that disposal of the property, following the steps outlined in Government Code Section 54222 as well as obtaining a Planning Commission General Plan conformity finding, be initiated. Staff will continue to discuss options with the EBRPD as they would be notified as part of this process.

- 10) Isherwood** - This 41.2 acre vacant site was dedicated to the City in 1978 as part of Tract Map 3908 in anticipation of the future construction of State Highway 84 extension. This property includes portions of 4 parcels and all of a fifth parcel, all of which are owned by the City. This irregularly shaped property is bordered by the Mission Lakes residential development and Isherwood Way to the south, Union City and the Old Alameda Creek to the east and north and residential development to the west. The site's General Plan designation is Low Density Residential (2.3- 8.7 units per acre) and Resource Conservation and Public Open Space.

On May 14, 2013, the Council approved the designation of 14.6 acres of land at the Isherwood Way site as parkland. The zoning of the site is Planned District (P-76-7). For the 14.6 acres of the site dedicated for park land, staff will present a General Plan Amendment to the Council to change the land use designation to Open Space-City Park. Additionally, a parcel map will be prepared and recorded to separate this portion of the site from the remainder.

As noted earlier in the description of the Decoto and Fremont Boulevard parcels, The East-West Connector Project which would replace State Highway 84 through Fremont and Union City has been put on hold pending the passage of a new ballot measure. Even if the Project proceeds, there will be approximately 11 acres of the total 41.2 acre site available for development.

Staff Recommendation: In order to bring the overall site into conformance with the General Plan, staff proposes to rezone the site to a new residential Planned District in conformance with the surrounding neighborhood in the Spring of 2014 along with other zoning map updates. Staff would then re-evaluate market conditions with the ultimate goal of disposing of the unneeded portions of the property as it currently serves no short or long term City facility goals. As part of these efforts, staff would follow the steps outlined in Government Code Section 54222 and obtain a Planning Commission General Plan conformity finding.

Summary and Next Steps: The ten properties listed above and identified as surplus sites can be grouped into three categories: short- term disposition (3-6 months), mid-term disposition (6-12 months), and long-term disposition (12-18 months) The short-term sites include Darwin Drive, Washington Boulevard, Sequoia Road, and Second Street. They are ready to go to market as is. The mid-term sites include the Mission Boulevard Palm Avenue, Stevenson Place, Decoto, and Pickering/Canyon Heights. These sites require repositioning in the market with the proposed General Plan amendments, rezoning's or other work. The long-term sites include only Isherwood which will be repositioned and brought into General Plan conformance in the Spring of 2014 and then re-evaluated based on market conditions regarding its disposition.

Those properties identified as short-term sites can be brought to market immediately. Staff would proceed to comply with Government Code Section 54222 which requires a written notification regarding the availability of the property for purchase for low- and moderate -income housing, park and recreational and school purposes. At the same time the City is required to request that the Planning Commission find that the sale of this property in conformity with the General Plan. If no one expresses interest in buying these properties for these purposes at their fair market value staff will proceed to sell the property on the open market.

Properties needing a General Plan Amendment and Rezoning would proceed with that process as quickly as possible as described above and be agendized for Planning Commission and City Council consideration, and then brought through the process per Government Code 54222. It is anticipated that the overall process of readying these sites for sale will take between 6-9 months.

FISCAL IMPACT: Upon disposition of these surplus sites, the City will retain funds that will be used to off-set costs of initiatives and future programs.

ENVIRONMENTAL REVIEW: The sale of these properties is categorically exempt under California Environmental Quality Act (CEQA) section 15312 (Surplus Government Property Sales). The proposed rezonings and general plan amendments will include appropriate review under CEQA.

ATTACHMENTS:

- Draft Resolution- Surplus Property Disposition
- 1 Aerial Photo - 3723 Darwin
- 2 Aerial Photo - 3393 Washington
- 3 Aerial Photo - 37645 Second
- 4 Aerial Photo - 43327 Mission
- 5 Aerial Photo - 37350 Sequoia
- 6 Aerial Photo - Palm Ave
- 7 Aerial Photo - Stevenson Pl
- 8 Aerial Photo - Decoto and Fremont
- 9 Aerial Photo - Pickering and Canyon Heights
- 10 Aerial Photo - Isherwood

RECOMMENDATION:

1. Adopt a Resolution initiating General Plan Amendments and/or Rezoning actions recommended in this report.
2. Find sale of surplus governmental property to be categorically exempt under California Environmental Quality Act (CEQA) Guidelines - Section 15312
3. Direct staff to proceed with the sale and disposition of the ten surplus properties as described in the report.